Leadership & Management

Reading for Lesson 2: The Changing Paradigm of Management

Reading Objectives

1. The student will know the four management functions and the type of management activity associated with each.
2. The student will comprehend the difference between effectiveness and efficiency and their importance for organizational performance.
3. The student will comprehend conceptual, human, and technical skills and their relevance for managers and non-managers.
4. The student will know the ten roles managers perform in organizations.
5. The student will comprehend the new management paradigm and the issues managers must prepare for in the future.

Reading Objectives

6. The student will know the steps in the decision-making process.
7. The student will comprehend why decision-making is so pervasive in organizations.
8. The student will comprehend the role that intuition plays in the decision-making process.
9. The student will comprehend the different decision making styles.

Discussion Objectives

1. Compare Leadership and Management.
2. Discuss the four management function.
3. Discuss Decision Making: Rationality, Bounded Rationality, Intuition.
4. Discuss conceptual, human, and technical skills and their relevance for managers and non-managers.

Management Functions

- Planning
  - Where the organization wants to be in the future and how to get there.

Management Functions

- Organizing
  - Follows planning and reflects how the organization tries to accomplish the plan.
  - Involves the assignment of tasks, grouping of tasks into departments, and allocation of resources.

Management Functions

- Leading
  - The use of influence to motivate employees to achieve the organization's goals.
  - Creating a shared culture and values, communicating goals to employees throughout the organization, and infusing employees to perform at a high level.

Management Functions

- Controlling
  - Monitoring employees' activities, determining if the organization is on target toward its goals, and making corrections as necessary.

Organizational Performance

- Effectiveness – the degree to which an organization achieves stated objectives.
- Efficiency – The amount of resources used to produce a product or service.

Management Skills

- Conceptual Skill—the ability to see the organization as a whole and the relationship between its parts.
- Human Skill—The ability to work with and through people.
- Technical Skill—Mastery of specific functions and specialized knowledge.

Ten Management Roles

- Informational
  - Monitor
  - Disseminator
  - Spokesperson

Ten Management Roles

- Interpersonal
  - Figurehead
  - Leader
  - Liaison
- Decisional
  - Entrepreneurial
  - Disturbance Handler
  - Resource Allocator
  - Negotiator

The New Management Paradigm

- Create a “Learning Organization”
  - Everyone participates in identifying and solving problems.
  - Employees are empowered.
  - Traditional hierarchical organization giving way to team collaboration.

Decision Making

- Decision: a choice made from two or more alternatives.
- Important to every aspect of a manager’s job.

The Decision Making Process

- Identifying a Problem
- Identifying Decision Criteria
- Allocating Weights to the Criteria
- Developing Alternatives
- Analyzing Alternatives
- Selecting an Alternative
- Implementing the Alternative
- Evaluating Decision Effectiveness

Decision Making

- Part of all four managerial functions
- Decisions are made on the basis of:
  - Rationality
  - Bounded Rationality
  - Intuition

Rationality

- Problem is clear and unambiguous.
- Single goal.
- All alternatives are known.
- Clear and constant preferences.
- Maximum payoff.
- The decision is in the best interest of the organization—not the manager.

Bounded Rationality

- Behavior that is rational within the parameters of a simplified model that captures the essential features of the problem.
- Making a decision that is “good enough.”

Intuitive Decision Making

- An unconscious process of making decisions on the basis of experience and accumulated judgment.
  - Making decisions on the basis of gut feeling doesn't happen independently of rational analysis. The two complement each other.
  - Although intuitive decision making will not replace the rational decision-making process, it does play an important role in managerial decision making.

Decision Maker “Style”

- Problem Avoider
- Problem Solver
- Problem Seeker